

STATEMENT OF SENATOR AL FRANKEN
AT PUBLIC HEARING CONCERNING GLOBAL STEEL INDUSTRY SITUATION
HOSTED BY U.S. TRADE REPRESENTATIVE
APRIL 12, 2016

Ambassador Froman, Secretary Pritzker, thank you for hosting today's hearing.

Minnesota is where our U.S. steel production begins. At our Iron Range mines, Minnesotans produce the majority of the iron ore that eventually becomes steel in this country. The taconite we produce is the raw material in our nation's buildings, cars, and bridges, and we're proud to have been supplying our nation for more than a century.

Working in an iron mine or a processing plant is hard work, but for generations, Minnesotans have known that if they're willing to put in a day's work, they'd be able to take home a fair wage that can support a family.

But for Minnesota's iron and steel workers, that's starting to change. In the last two years, six of our mines have closed down or reduced capacity. That's put more than 2,000 Minnesotans out of work.

A few weeks ago when I was in Minnesota, I met with folks from the Iron Range, and I heard the same refrain I've heard for years: the industry needs a level playing field to compete in a global economy. It's the same thing Iron Range workers said they wanted in December, when we brought White House Chief of Staff Denis McDonough to the Range, and it's the same thing they said last year when the layoffs began. But despite our efforts, many workers still haven't been able to return to work.

Of course, the steel industry has suffered during economic downturns before, and it's been able to come back. But the crisis Minnesota's workers are facing today is different from

prior crises. This time, it's the result of illegal trade practices by China and other foreign countries that are sending underpriced steel to the United States. Last year alone, China exported 100.4 million tons of steel—an amount nearly equal to the entire domestic steel production of the United States.

And those steel imports have been sold at unreasonably low prices in the United States. It's been underpriced by so much that in the two major Chinese steel trade cases adjudicated in the last year, the Department of Commerce has imposed anti-dumping duties in excess of 200 percent.

The enormous duty margin leaves little doubt that Chinese steel—and some from other countries as well—is badly mispriced, and has been for some time.

I'm glad preliminary duties have finally been imposed, but for a lot of Minnesota's steelworkers, they're coming far too late. Some workers have been laid off for over a year, and they've been forced to uproot their families in search of new jobs, commit to long-term retraining programs in other industries, or draw down their retirement savings to support their families.

We need a better system to combat steel dumping as soon as it starts, not months or years afterwards. The Leveling the Playing Field Act, which was signed into law last year, is a first step. It gave the Department of Commerce and the International Trade Commission more authority to pursue trade cases. But our trade enforcement officials need to use the full authority provided to them in that law, especially by using adverse facts in cases where foreign countries refuse to comply with U.S. trade cases.

In addition, we should extend the lookback period for imposing retroactive tariffs when U.S. industries face critical circumstances. Sen. Klobuchar and I introduced legislation to do just that last year, and I'm hopeful Congress will act on our bill soon.

Finally, we need to directly engage with China and other countries where non-market based incentives are leading to massive overcapacity. While China has agreed to cut more than 100 million tons of its excess steel production capacity, more needs to be done. In fact, even one Chinese official recently acknowledged that more cuts will be needed in the coming years.

Therefore, I urge you to work with the White House to redouble our engagement with China—and other trading partners—to address the subsidies and misaligned incentives that have led to overcapacity.

Thank you for your invitation to testify today, and I look forward to continuing to work with you to address these problems.